



**COLD SPRING HARBOR LABORATORY**

Consolidated Financial Statements  
and Schedule

December 31, 2000 and 1999

(With Independent Auditors' Report Thereon)



1305 Walt Whitman Road  
Suite 200  
Melville, NY 11747-4302

## **Independent Auditors' Report**

The Board of Trustees  
Cold Spring Harbor Laboratory:

We have audited the accompanying consolidated statement of financial position of Cold Spring Harbor Laboratory (the Laboratory) as of December 31, 2000, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Laboratory's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Laboratory's 1999 consolidated financial statements and, in our report dated April 28, 2000, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cold Spring Harbor Laboratory as of December 31, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the accompanying schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and prior years' audits and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**KPMG LLP**

May 4, 2001



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# COLD SPRING HARBOR LABORATORY

## Consolidated Statements of Financial Position

December 31, 2000 and 1999

Assets:	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 27,456,990	34,830,286
Accounts receivable:		
Publications	2,187,811	837,564
Other	937,537	333,310
Grants receivable	3,652,363	2,759,349
Contributions receivable (Note 4)	8,130,610	4,878,895
Publications inventory	2,327,313	2,138,874
Prepaid expenses and other assets	1,691,542	1,321,313
Investments (Note 2)	208,166,091	203,853,845
Investment in employee residences (Note 5)	3,047,429	2,751,580
Land, buildings and equipment:		
Land and land improvements	14,157,625	12,614,303
Buildings	84,495,326	80,460,206
Furniture, fixtures and equipment	7,907,387	5,427,259
Laboratory equipment	14,606,551	12,405,968
Library books and periodicals	365,630	365,630
Construction in progress	15,899,784	4,514,827
	<u>137,432,303</u>	<u>115,788,193</u>
Less accumulated depreciation and amortization	<u>(38,108,559)</u>	<u>(34,481,784)</u>
Land, buildings and equipment, net	<u>99,323,744</u>	<u>81,306,409</u>
Total assets	<u>\$ 356,921,430</u>	<u>335,011,425</u>
Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued expenses	\$ 7,928,869	4,840,651
Notes payable	227,932	251,918
Bonds payable (Note 6)	45,200,000	45,200,000
Deferred revenue	2,695,061	2,878,365
Total liabilities	<u>56,051,862</u>	<u>53,170,934</u>
Net assets:		
Unrestricted		
General operating	13,903,989	13,408,682
Designated by board for:		
Research programs (Note 7)	2,197,000	1,900,000
Endowment	107,942,756	99,533,294
Net investment in plant	53,895,812	46,536,091
Total unrestricted	<u>177,939,557</u>	<u>161,378,067</u>
Temporarily restricted (Note 8)	9,796,302	8,587,520
Permanently restricted (Note 8)	<u>113,133,709</u>	<u>111,874,904</u>
Total net assets	<u>300,869,568</u>	<u>281,840,491</u>
Total liabilities and net assets	<u>\$ 356,921,430</u>	<u>335,011,425</u>

*See accompanying notes to consolidated financial statements.*

# COLD SPRING HARBOR LABORATORY

## Consolidated Statement of Activities

Year ended December 31, 2000

with comparative totals for the year ended December 31, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2000 Total</u>	<u>1999 Total</u>
Revenue:					
Public support - contributions and nongovernment grant awards	\$ 9,489,893	9,687,797	5,625,670	24,803,360	23,878,182
Government grant awards	20,097,385	-	-	20,097,385	17,658,439
Indirect cost allowances (Note 9)	12,885,076	-	-	12,885,076	11,377,795
Other revenue:					
Program fees	2,551,373	-	-	2,551,373	2,385,687
Publications sales	8,683,809	-	-	8,683,809	6,400,303
Dining services	2,616,113	-	-	2,616,113	2,445,184
Rooms and apartments	1,985,658	-	-	1,985,658	1,865,047
Royalty and licensing fees	1,093,573	-	-	1,093,573	606,691
Investment income - interest and dividends	8,132,622	-	-	8,132,622	6,967,857
Miscellaneous	547,831	-	-	547,831	505,775
Total other revenue	<u>25,610,979</u>	<u>-</u>	<u>-</u>	<u>25,610,979</u>	<u>21,176,544</u>
Net assets released from restrictions	<u>8,479,015</u>	<u>(8,479,015)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>76,562,348</u>	<u>1,208,782</u>	<u>5,625,670</u>	<u>83,396,800</u>	<u>74,090,960</u>
Expenses (Note 12):					
Research	35,923,808	-	-	35,923,808	31,454,215
Educational programs	9,801,786	-	-	9,801,786	9,153,276
Publications	8,281,363	-	-	8,281,363	6,159,371
Banbury Center conferences	1,165,989	-	-	1,165,989	1,111,921
DNA Learning Center programs	1,105,658	-	-	1,105,658	1,059,168
General and administrative	9,252,253	-	-	9,252,253	7,767,286
Dining services	3,635,324	-	-	3,635,324	3,117,043
Total expenses	<u>69,166,181</u>	<u>-</u>	<u>-</u>	<u>69,166,181</u>	<u>59,822,280</u>
Excess of revenue over expenses	7,396,167	1,208,782	5,625,670	14,230,619	14,268,680
Net appreciation (depreciation) in fair value of investments	<u>9,165,323</u>	<u>-</u>	<u>(4,366,865)</u>	<u>4,798,458</u>	<u>46,092,225</u>
Increase in net assets before extraordinary item	16,561,490	1,208,782	1,258,805	19,029,077	60,360,905
Extraordinary item - loss on refinancing of debt (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(598,061)</u>
Increase in net assets	16,561,490	1,208,782	1,258,805	19,029,077	59,762,844
Net assets at beginning of year	<u>161,378,067</u>	<u>8,587,520</u>	<u>111,874,904</u>	<u>281,840,491</u>	<u>222,077,647</u>
Net assets at end of year	<u>\$ 177,939,557</u>	<u>9,796,302</u>	<u>113,133,709</u>	<u>300,869,568</u>	<u>281,840,491</u>

*See accompanying notes to consolidated financial statements.*

# COLD SPRING HARBOR LABORATORY

## Consolidated Statements of Cash Flows

Years ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Increase in net assets	\$ 19,029,077	59,762,844
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,974,311	3,526,229
Extraordinary item - loss on refinancing of debt	-	598,061
Net appreciation in fair value of investments	(4,798,458)	(46,092,225)
Contributions restricted for long-term investment	(9,350,612)	(10,043,571)
Changes in assets and liabilities:		
Increase in accounts receivable	(1,954,474)	(215,871)
Increase in grants receivable	(893,014)	(374,642)
Increase in contributions receivable	(3,600,936)	(1,903,687)
Increase in publications inventory	(188,439)	(215,090)
(Increase) decrease in prepaid expenses and other assets	(370,229)	140,163
Increase in accounts payable and accrued expenses	3,088,218	2,030,863
Decrease in deferred revenue	<u>(183,304)</u>	<u>(480,357)</u>
Net cash provided by operating activities	<u>4,752,140</u>	<u>6,732,717</u>
Cash flows from investing activities:		
Capital expenditures	(21,991,646)	(12,545,862)
Proceeds from sales and maturities of investments	71,313,900	70,618,250
Purchases of investments	(70,827,688)	(70,270,898)
Net change in investments in employee residences	<u>(295,849)</u>	<u>(287,320)</u>
Net cash used in investing activities	<u>(21,801,283)</u>	<u>(12,485,830)</u>
Cash flows from financing activities:		
Permanently restricted contributions	5,625,670	6,291,765
Contributions restricted for investment in land, buildings, and equipment	3,724,942	3,751,806
Decrease (increase) in contributions receivable	349,221	(317,460)
Repayment of bonds payable	-	(27,000,000)
Issuance of bonds payable	-	42,200,000
Deferred financing costs incurred	-	(576,994)
Repayment of notes payable	<u>(23,986)</u>	<u>(24,245)</u>
Net cash provided by financing activities	<u>9,675,847</u>	<u>24,324,872</u>
Net (decrease) increase in cash and cash equivalents	(7,373,296)	18,571,759
Cash and cash equivalents at beginning of year	<u>34,830,286</u>	<u>16,258,527</u>
Cash and cash equivalents at end of year	<u>\$ 27,456,990</u>	<u>34,830,286</u>
Supplemental disclosures:		
Interest paid	<u>\$ 2,063,031</u>	<u>1,494,414</u>

*See accompanying notes to consolidated financial statements.*

# COLD SPRING HARBOR LABORATORY

Notes to Consolidated Financial Statements  
December 31, 2000 and 1999

## (1) Summary of Significant Accounting Policies and Practices

### (a) Description of Business

Cold Spring Harbor Laboratory ("Laboratory") is organized as an educational corporation under the laws of New York State. The Laboratory's primary objectives are to conduct research in cancer, neurobiology, bioinformatics, plants, and related subjects, to disseminate information, and to provide instruction and training through courses, meetings, publications, and a wide range of other educational activities. A substantial portion of the Laboratory's revenues are derived from Federal government grants, which are awarded on a competitive basis. If there were a significant cutback in Federal Government research funding, it could have a material impact on the operations and cash flows of the Laboratory.

On September 18, 1998, the Laboratory received approval from the Board of Regents of the State of New York to operate a graduate education program and confer the degrees of Doctor of Philosophy, Master of Science, and Doctor of Science, Honorary. The program operates under the name, "Cold Spring Harbor Laboratory, Watson School of Biological Sciences." The first-year class began in September 1999. Funding will be provided through the establishment of an endowment to be dedicated to the graduate school.

### (b) Basis of Presentation

The Laboratory's net assets and its revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

#### Unrestricted net assets:

Net assets that are not subject to donor imposed restrictions including the carrying value of all land, buildings, and equipment. Items that affect this net asset category include revenue and expenses associated with the primary objectives of the Laboratory, as well as unrestricted gifts, including those designated by the Board of Trustees of the Laboratory ("Trustees") to function as endowments. In addition, changes to this category of net assets include restricted gifts whose donor imposed restrictions were met in the year received, through the passage of time, or through fulfillment of the restricted purpose.

#### Temporarily restricted net assets:

Net assets subject to donor-imposed restrictions that will be met either by the actions of the Laboratory or the passage of time. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions in the accompanying consolidated statement of activities.

#### Permanently restricted net assets:

Net assets subject to donor-imposed restrictions to be maintained permanently by the Laboratory, the income from which investments is expendable to support research and training. Realized and unrealized gains(losses) are added(subtracted) to permanently restricted net assets if so restricted by the donor. Otherwise, gains are expendable to support research and educational activities.

# COLD SPRING HARBOR LABORATORY

## Notes to Consolidated Financial Statements (Continued)

### (c) Principles of Consolidation

The consolidated financial statements include the accounts of the Laboratory and the Robertson Research Fund, Inc. ("Corporation"), a not-for-profit organization incorporated in 1972 to provide funds for the benefit of the Laboratory on a continuing basis, unless the Laboratory ceases to be exempt from taxation under the Internal Revenue Code. The Corporation is further described in Note 10. All intercompany accounts and transactions have been eliminated in consolidation.

### (d) Cash Equivalents

Cash equivalents consist principally of money market funds and short-term notes maturing within three months of the date of purchase. Cash equivalents approximated \$27,235,100 and \$34,458,600 at December 31, 2000 and 1999, respectively.

Included in cash and cash equivalents at December 31, 2000 and 1999 is approximately \$335,000 and \$10,681,000, respectively, of unspent bond issue proceeds. The use of the proceeds are restricted by the related bonds (see note 6).

### (e) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### (f) Publications Inventory

The publications inventory represents works in progress and published and offered for sale by the Laboratory. Amounts are stated at the lower of cost or estimated realizable value.

### (g) Investments

Investments are recorded at fair value. Contributions of investment securities are recorded at their fair value at the date of the gift.

Included in investments are stocks which do not have a readily determinable fair value that were received by the Laboratory from biotechnology companies in return for various rights to Laboratory-developed intellectual property. Upon the receipt of founders stock from a newly formed company, the value of each share of stock is based on the amount paid per share by the outside investor(s). The amount is reduced by an appropriate valuation allowance, reflecting the high risk associated with startup companies and limitations on the transferability of such stock, to arrive at the initial cost basis of the stock. The values of the stocks are not adjusted until either a) the company is determined to have no value at which time the value of the stock is written off; b) the company is sold at which time a gain or loss is recognized; or c) the company completes an initial public offering (IPO) and its stock becomes publicly traded on a securities exchange. At the time of the IPO, the value of the stock is increased to fair value based on the quoted price of the stock. The fair value is reduced by an appropriate valuation allowance if the stock is restricted by governmental or contractual requirements, or the Laboratory owns a large block of stock that could not be sold without potentially affecting the market price.

# COLD SPRING HARBOR LABORATORY

## Notes to Consolidated Financial Statements (Continued)

(h) Contributions Receivable

Contributions receivable are recorded at their estimated net realizable value (discounted to present value at a risk-free rate).

(i) Land, Buildings and Equipment

Land, buildings and equipment are reported at cost. Donated books and periodicals and other assets are recorded at appraised value as of the date of gift. Depreciation is computed on the straight-line basis over the estimated useful lives (ranging from four to forty years) of all buildings and equipment acquired with non-Federal funds. Equipment acquired with Federal funds is charged against the applicable grant in the year acquired. Land, buildings and equipment, and other long lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Long lived assets deemed to be impaired are written down to fair value.

(j) Deferred Revenue

Deferred revenue represents advances received on grants deemed to be exchange transactions and fees received, but not yet earned. Revenue will be recognized in future periods as expenses are incurred.

(k) Federal Income Tax Status

The Laboratory and the Corporation are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(l) Excess of Revenue over Expenses

The consolidated statement of activities presents the excess of revenue over expenses, exclusive of the net appreciation or depreciation in fair value of investments. Net appreciation or depreciation in fair value of investments includes realized gains or losses on sales of investments, as well as, unrealized gains or losses in fair value of investments.

(m) Reclassification

Certain reclassifications have been made to the 1999 financial statements to conform to the 2000 presentation.

(n) Comparative Financial Statements

The consolidated statement of activities is presented with prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Laboratory's financial statements for the year ended December 31, 1999, from which the summarized information was derived.



# COLD SPRING HARBOR LABORATORY

## Notes to Consolidated Financial Statements (Continued)

### (2) Investments

Investments at December 31, 2000 and 1999 were as follows:

	2000		1999	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Bonds	\$ 23,489,603	23,650,372	14,424,968	14,290,372
Mutual Funds				
Equity	36,222,221	57,826,972	28,981,919	53,515,944
Fixed Income	72,205,170	69,008,258	64,953,275	59,428,504
Commercial Paper	1,500,000	1,500,000	4,500,000	4,500,000
Stocks	37,990,823	56,180,489	32,572,935	72,119,025
	<u>\$ 171,407,817</u>	<u>208,166,091</u>	<u>145,433,097</u>	<u>203,853,845</u>

Included in the stocks above are the Laboratory's investment in biotechnology companies, which have a fair value (net of a valuation allowance) of approximately \$13,300,000 and \$19,700,000 and a cost of \$674,000 and \$937,000 at December 31, 2000 and 1999, respectively. A valuation allowance of approximately \$1,900,000 and \$18,300,000 at December 31, 2000 and 1999, respectively, has been applied to these investments in light of (i) regulatory or contractual restrictions on the Laboratory's ability to sell the investments, (ii) the significance of the Laboratory's ownership to the stock's trading volume, and (iii) the volatility of the stocks.

During 2000, the Laboratory invested \$150,000 in a limited partnership. Under the terms of the limited partnership agreement, the Laboratory is obligated to advance up to \$850,000 in additional funding for investment.

### (3) Fair Value of Financial Instruments

The carrying value of the Laboratory's financial instruments approximates fair value.

### (4) Contributions Receivable

The Laboratory recognizes unconditional pledges as revenue in the period received. Contributions receivable consist of the following at December 31, 2000 and 1999:

	<u>2000</u>	<u>1999</u>
Contributions receivable	\$ 9,019,474	5,078,391
Less: discount to present value	(888,864)	(199,496)
	<u>\$ 8,130,610</u>	<u>4,878,895</u>

# COLD SPRING HARBOR LABORATORY

## Notes to Consolidated Financial Statements (Continued)

Contributions receivable are expected to be collected as follows:

	<u>2000</u>	<u>1999</u>
Within one year	\$ 2,872,044	2,894,391
One to five years	6,147,430	2,184,000
	<u>\$ 9,019,474</u>	<u>5,078,391</u>

Included in contributions receivable at December 31, 2000 is the Laboratory's interest in charitable remainder unitrusts. In accordance with the terms of the trusts, the Laboratory will receive a defined interest upon the death of the designated beneficiaries. At December 31, 2000, the Laboratory's interest, net of the present value discount, approximated \$1,364,000.

### (5) Investment in Employee Residences

Investment in employee residences consists of (a) notes receivable collateralized by mortgages on residential properties owned by several key employees, and (b) the Laboratory's percentage ownership in residences inhabited by employees. Upon sale of these residences, the Laboratory will share in market value fluctuations of the real estate in proportion to its ownership in the residence. These investments were authorized by the Board of Trustees to enable such employees to purchase local residences. All costs of property ownership, including real estate taxes, are borne by the employees.

### (6) Bonds Payable

During 1989, the Laboratory executed an agreement to obtain \$20 million of bond financing through the Nassau County Industrial Development Agency (NCIDA) for the renovation and equipping of Laboratory facilities. The bonds were refunded during 1999, as described below.

During 1993, the Laboratory executed an agreement to obtain \$10 million of bond financing for the construction, purchase, renovation and equipping of Laboratory facilities of which \$7 million was obtained through the NCIDA, and \$3 million was obtained through the Suffolk County Industrial Development Agency (SCIDA). The \$7 million NCIDA bonds were refunded during 1999, as described below. The \$3 million SCIDA bonds mature and are payable in full on July 1, 2023, bear interest at a variable daily rate, which is payable on a monthly basis and are guaranteed by a letter of credit issued by a financial institution.

On April 1, 1999, the Laboratory executed an agreement to obtain \$42.2 million of bond financing through the NCIDA. Approximately \$5 million of the proceeds was used to reimburse the Laboratory for the purchase of property and a building located in Woodbury, New York. Approximately \$10 million of the proceeds was used, together with other available funds, to finance renovation, equipping and furnishing of the building. The property, purchased on June 1, 1998, is intended for use as additional research facilities and to house the editorial offices of the Cold Spring Harbor Laboratory Press. The remaining \$27 million of the proceeds was used to refund the \$20 million 1989 Series bonds and \$7 million 1993 Series bonds issued through the NCIDA. The bonds, which mature on January 1, 2034, bear interest at a variable daily rate, which is payable on a monthly basis and are secured by a revolving line of credit agreement issued by a financial institution. In addition, the Laboratory entered into an interest rate swap transaction with a financial institution which fixes the interest rate on \$15 million of the new issue at 4% for a period of five years through April 1, 2004.

# COLD SPRING HARBOR LABORATORY

## Notes to Consolidated Financial Statements (Continued)

The effective average interest rate on all of the bonds outstanding during 2000 and 1999 approximated 4.0% and 3.2%, respectively. The rate is negotiated with the bondholders by the remarketing agent. The agreements contain certain covenants including those relating to liquidity, net worth as defined, capital expenditures, restrictions of additional liens on certain Laboratory property and assumption of additional debt.

In connection with the new bond issue, financing costs of approximately \$577,000 were capitalized and are being amortized over the life of the bond issue. The financing costs are included in prepaid expenses and other assets in the accompanying consolidated statement of financial position. As a result of the refunding of the Series 1989 and 1993 NCIDA bonds, the remaining balance of capitalized issuance costs of \$598,061 relating to those issues was written off in 1999. That amount is reported in the consolidated statement of activities as an extraordinary item.

### (7) Unrestricted Net Assets-Designated for Research Programs

In previous years, the Trustees designated a total of \$1,900,000, net of releases, of unrestricted net assets to underwrite direct and indirect start-up expenses of new research programs, and to cover possible research funding shortfalls which could arise primarily because of research grant cutbacks. In 2000, the Trustees designated an additional \$297,000 for new research programs. These designated net assets will be released as needed in future years.

### (8) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at December 31, 2000 and 1999 consist of gifts restricted by the donor for future capital projects, research programs and meetings and courses as follows:

	<u>2000</u>	<u>1999</u>
Capital projects	\$ 3,724,942	3,751,805
Research programs	5,962,855	4,681,110
Meetings and courses	108,505	154,605
	<u>\$ 9,796,302</u>	<u>8,587,520</u>

Permanently restricted net assets at December 31, 2000 and 1999 are restricted in perpetuity with investment return available to support the following activities:

	<u>2000</u>	<u>1999</u>
Primary program services	\$ 81,613,714	82,714,691
Graduate school	20,802,691	18,468,589
Operating and improvement of Banbury Center facilities	10,717,304	10,691,624
	<u>\$ 113,133,709</u>	<u>111,874,904</u>

# **COLD SPRING HARBOR LABORATORY**

## **Notes to Consolidated Financial Statements (Continued)**

### **(9) Indirect Cost Allowances**

Indirect cost allowances recovered under certain Government and other grants are accrued in the period the research is performed. For federal grants, these accruals are based on an approved indirect cost rate negotiated with the cognizant government granting agency. In 1997, the Laboratory negotiated an agreement establishing predetermined rates for each of the years 1997 through 1999. In early 2000, the Laboratory negotiated a new agreement with predetermined rates for each of the years 2000 through 2002. As a result, the Laboratory should not, except for unforeseen changes in Federal regulations, be subject to revisions of its predetermined indirect cost rates through the end of 2002. For non-government grants, indirect cost recoveries are accrued at various rates as allowed by the grantor.

### **(10) Robertson Research Fund, Inc.**

The Corporation is administered by a nine member board of trustees, five of whom represent the Laboratory. The Corporation is composed of two funds -- the Robertson Research Fund ("Research Fund") and the Robertson Maintenance Fund ("Maintenance Fund").

The Research Fund was established in 1972 to provide income to the Laboratory in support of educational facilities, basic scientific research and public dissemination of the results thereof, scholarship and fellowship awards, and auxiliary services, among other purposes.

The Maintenance Fund was established in 1976 to provide income exclusively for the improvement and operation of the Robertson house and appurtenant buildings and grounds at the Banbury Center of the Laboratory.

The Laboratory is entitled to receive all of the income of the Research and Maintenance Funds. In years when the distribution has been less than the total annual income of each fund, the difference has been reinvested along with the principal of the funds to offset the effects of inflation and to provide for future programs at the Laboratory.

### **(11) Retirement Plan**

The Laboratory's employees are covered under a defined-contribution retirement plan by the Teachers Insurance and Annuity Association/College Retirement Equities Fund Plan. The Laboratory remits contributions to the Plan based on a predetermined percentage of the participants' salaries. Total expenditures under the plan approximated \$1,614,200 and \$1,445,600 for the years ended December 31, 2000 and 1999, respectively.

### **(12) Expenses**

Expenses are reported in the statement of activities by their functional classifications as required by Statement of Financial Accounting Standards (SFAS) No. 117. The Laboratory's primary program services are research and instructional training through courses, meetings, publications and educational activities. Expenses reported as general and administrative, and dining services are incurred in support of these primary program services. General and administrative expenses include approximately \$431,000 and \$442,300 of fund raising expenses in 2000 and 1999, respectively.

## COLD SPRING HARBOR LABORATORY

### Notes to Consolidated Financial Statements (Continued)

SFAS No. 117 also requires allocation of expenses which relate to more than one program or supporting activity. Expenses of the Laboratory in this category include, but are not limited to, depreciation, interest, operating and maintenance of plant, library and direct research support. Amounts have been allocated to the programs and services using methods such as square footage, usage, and other financial and non-financial methods.

	2000			1999		
	Direct Functional Expenses	Allocated Expenses	Total	Direct Functional Expenses	Allocated Expenses	Total
Research	\$ 24,647,383	11,276,425	35,923,808	21,687,083	9,767,132	31,454,215
Educational Programs	8,107,155	1,694,631	9,801,786	7,685,463	1,467,813	9,153,276
Publications	8,186,337	95,026	8,281,363	6,077,064	82,307	6,159,371
Banbury Center	722,534	443,455	1,165,989	727,820	384,101	1,111,921
DNA Learning Center	678,041	427,617	1,105,658	688,785	370,383	1,059,168
General and Administrative	8,111,940	1,140,313	9,252,253	6,779,598	987,688	7,767,286
Dining Services	2,875,116	760,208	3,635,324	2,458,585	658,458	3,117,043
	<u>\$ 53,328,506</u>	<u>15,837,675</u>	<u>69,166,181</u>	<u>46,104,398</u>	<u>13,717,882</u>	<u>59,822,280</u>

## Comparative Operating History

1996 - 2000  
(Dollars in Thousands)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Revenue:					
Main Lab:					
Grants & contracts	\$ 20,879	22,743	24,025	27,397	31,027
Indirect cost reimbursement	9,704	9,910	11,054	11,207	12,718
Other	7,859	8,472	9,441	9,426	10,618
CSHL Press	4,805	5,238	6,341	6,400	8,684
Banbury Center	1,214	1,495	1,444	1,848	1,856
DNA Learning Center	754	875	1,334	1,392	1,471
Total revenue	<u>45,215</u>	<u>48,733</u>	<u>53,639</u>	<u>57,670</u>	<u>66,374</u>
Expenses:					
Main Lab:					
Research & training	20,879	22,743	24,025	27,397	31,027
Operation & maintenance of plant	5,446	5,274	5,549	5,765	6,589
General & administrative	3,438	3,625	3,378	3,844	6,162
Other	5,367	5,759	7,328	7,863	7,075
CSHL Press	5,032	5,320	6,141	6,077	8,186
Banbury Center	1,225	1,437	1,321	1,614	1,702
DNA Learning Center	781	887	1,228	1,280	1,362
Total expenses, excluding depreciation and amortization	<u>42,168</u>	<u>45,045</u>	<u>48,970</u>	<u>53,840</u>	<u>62,103</u>
Excess before depreciation, amortization and designation of funds	3,047	3,688	4,669	3,830	4,271
Depreciation and amortization	(2,988)	(3,371)	(3,443)	(3,526)	(3,974)
Designation of funds (2)	<u>-</u>	<u>-</u>	<u>(750)</u>	<u>-</u>	<u>(297)</u>
Net operating excess	\$ <u>59</u>	<u>317</u>	<u>476</u>	<u>304</u>	<u>-</u>

(1) The above amounts are presented on a combined basis for all funds for which Cold Spring Harbor Laboratory prepares operating budgets.

(2) Funds designated to underwrite future direct and indirect expenses of the neuroscience, imaging, computational neuroscience and other research programs.